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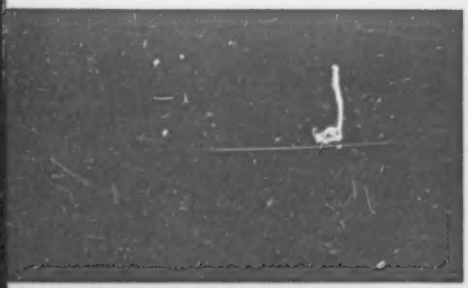
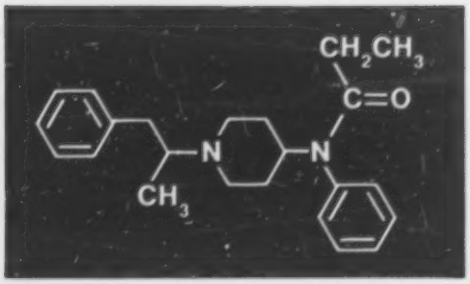
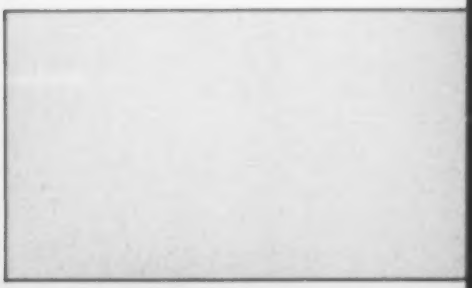
SEPTEMBER 9, 1985

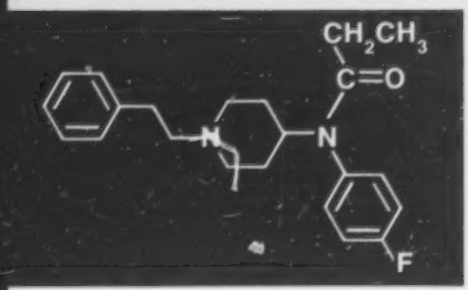
CHEMICAL & ENGINEERING

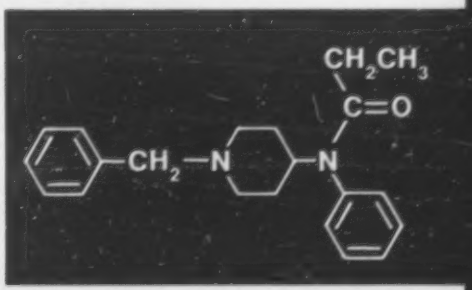
NEWS

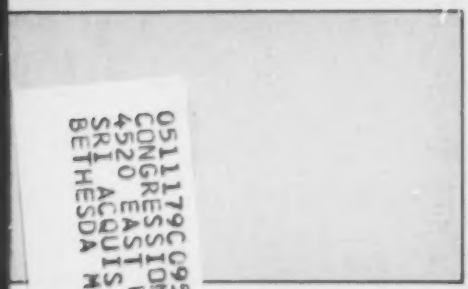


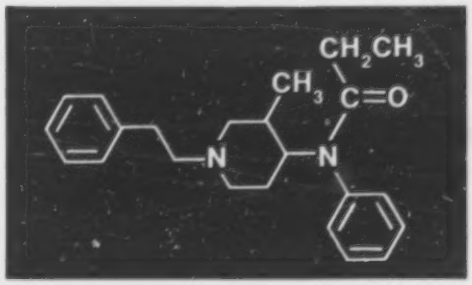












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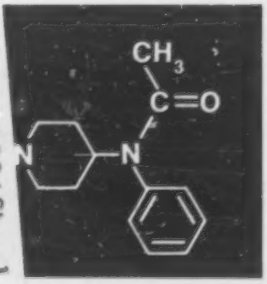
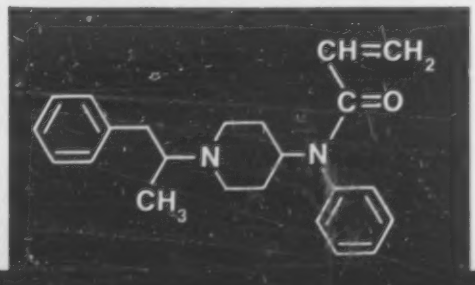
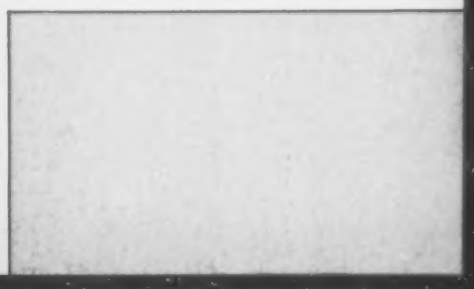


Designer Drugs

Underground Chemists Ply A Deadly Trade Page 7





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News of the Week

■ **Genencor scientists make rennin in filamentous fungi using recombinant DNA technique.** Page 4

■ **U.K.'s Hanson Trust ups ante on SCM takeover bid.** Page 4

■ **FDA approves marketing of the generic form of Valium.** Page 5

■ **EPA proposes 38 new hazardous waste sites for cleanup under the Superfund law.** Page 5

■ **New lab at Los Alamos will use ion beams to conduct research on materials.** Page 6

■ **MIT will set up center for research on bioprocess separations.** Page 6

■ **Court rules Hybritech biotech patent is invalid.** Page 6

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Business

U.S. chemical companies increased cash, marketable securities an average of 22% in second quarter over first quarter. **Page 19**

Carbide restructuring is mix of long-considered streamlining plans and reaction to takeover threats, analysts say. **Page 20**

Government

Science and technology policies in the industrialized countries lack overall goals, vision of the future, says OECD report. **Page 22**

Technology

Nalco Chemical holds open house at Chicago site; neighbors tour plant areas, see warning systems, emergency equipment. **Page 24**

Film produced by fire fighters' union showing horrors of toxic gases from burning buildings ires the plastics industry. **Page 25**

Science

GE physicist uses nuclear magnetic resonance to analyze intact human heart for high-energy phosphate metabolites. **Page 25**

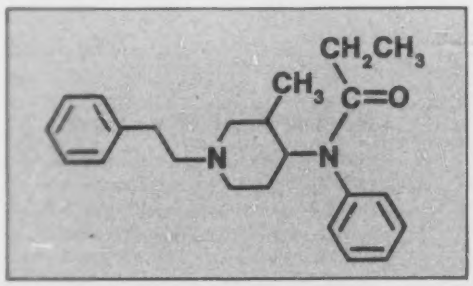
Synthetic metal becomes superconductive at 5 K, setting a record for superconductivity in an organic compound. **Page 26**

Books

"The Dose Makes the Poison" by M. Alice Ottoboni covers basics of toxicology and corrects some misconceptions. **Page 27**

ACS News

ACS announces 1986 award winners for achievement in chemistry, 1985 regional high school chemistry teaching honorees. **Page 30**



News Focus

Designer drugs—analogs of compounds with proven pharmacological activity—have hit the street, causing more headaches for law enforcers. **Page 7**

Chemical Companies Increase Cash Assets

Chemical companies seemed to take a more fiscally conservative approach to conducting business in this year's second quarter than in the first as the U.S. chemical economy continued in the doldrums. A C&EN survey of 13 large chemical companies indicates that, although earnings dropped, these firms apparently took a prerecessionary step toward cash management, reining in inventories, receivables, accounts payable, and short-term debt, and thus cutting day-to-day financing needs and increasing cash hoards. Although inventories and receivables are listed as current assets on corporate balance sheets, they require financing, thereby draining away cash and sometimes increasing short-term debt.

During the second quarter, according to the survey, the 13 companies increased their cash and marketable securities an average of 22% to a combined total of $7.28 billion. During that period, they managed to keep current liabilities at the same levels as in the first quarter.

Thus the firms' "liquidity"—cash and cash coverage of liabilities—increased. According to the survey, the average current ratio (total current assets divided by total current liabilities) increased slightly to 1.8 from 1.7 in the first quarter. Cash ratio (cash and marketable securities divided by total current liabilities) increased to 0.18 from 0.14 in the first quarter.

The comparisons for the second quarter with the same period a year before, however, are not so good. Although cash and marketable securities for the 13 firms dropped almost 6% year-to-year, the chemical firms raised their average current ratio to 1.8 from 1.7. But the cash ratio fell to 0.18 from 0.19, indicating that while cash was falling during the year, companies increased total current assets. Current liabilities for the two periods were about the same.

Almost all of the companies surveyed showed increases in cash in this year's second quarter, compared with the first quarter. Chemed gained the most in that respect, with cash and marketables increasing to $11.2 million, 37 times what they had been in the first quarter. Freeport-McMoRan's cash and marketables increased 600% to $81.4 million, and those for First Mississippi rose 158% to $13.4 million. Other big gains included a 78% increase for W. R. Grace, 37% for Air Products, 36% for American Cyanamid, 30% for Pennwalt, and 24% for Celanese. More-modest gains included 6% for Monsanto and 5% for Ethyl Corp.

Only three companies showed declines in cash and marketables. Carbide's dropped 3%, National Distillers' 9%, and Dow's a precipitous 68%.

The companies with only modest cash increases tended to have the best ratios in the second quarter, however. Monsanto, Ethyl, and National Distillers each posted a current ratio of 2.3. Monsanto's cash ratio of 0.35 was third behind American Cyanamid with a very good 0.64 and Freeport-McMoRan with 0.43. Other above-average cash ratios include 0.31 for Pennwalt, 0.23 for First Mississippi, 0.22 for Grace, and 0.21 for Chemed. Carbide and Dow figures were a dismal 0.05 and 0.02, respectively.

William Storck, New York

Cash assets for 13 chemical firms up 22% in second quarter

	SECOND-QUARTER 1985			FIRST-QUARTER 1985			SECOND-QUARTER 1984		
	Cash and marketables ($ millions)	Current ratio	Cash ratio	Cash and marketables ($ millions)	Current ratio	Cash ratio	Cash and marketables ($ millions)	Current ratio	Cash ratio
Air Products	$ 74.0	1.5	0.17	$ 53.9	1.5	0.14	$ 62.4	1.2	0.14
American Cyanamid	551.6	2.1	0.64	406.8	1.9	0.44	387.5	2.0	0.47
Celanese	167.0	1.5	0.17	135.0	1.7	0.16	173.0	1.7	0.27
Chemed	11.2	2.0	0.21	0.3	1.8	0.01	1.7	1.8	0.03
Dow Chemical	47.0	1.4	0.02	147.0	1.4	0.05	96.0	1.4	0.03
Ethyl	71.3	2.3	0.33	67.7	2.3	0.33	83.9	2.3	0.39
First Mississippi	13.4	1.5	0.23	5.2	1.5	0.09	20.8	1.5	0.30
Freeport-McMoRan	81.4	1.4	0.43	11.6	1.0	0.06	2.4	1.2	0.02
W. R. Grace	267.5	1.7	0.22	150.6	1.8	0.13	155.3	1.8	0.15
Monsanto	397.0	2.3	0.35	376.0	2.1	0.31	716.0	2.1	0.52
National Distillers	6.9	2.3	0.02	7.6	1.9	0.02	26.2	2.1	0.06
Pennwalt	68.2	2.1	0.31	52.4	2.0	0.25	82.0	2.1	0.40
Union Carbide	96.0	1.9	0.05	99.0	2.0	0.06	158.0	1.9	0.08
TOTAL	$1852.5	1.8	0.18	$1513.2	1.7	0.14	$1965.1	1.7	0.19

Note. Current ratio is current assets divided by current liabilities. Cash ratio is cash and marketable securities divided by current liabilities.